



**SCHOOL FOR ADVANCED RESEARCH
MEETING OF THE FINANCE COMMITTEE
Saturday, August 16, 2014
SAR Reception Center**

MINUTES

PRESENT:

Jason Brady, Chair
Dorothy Bracey
Eric Dobkin
Elizabeth Roghair
Steadman Upham

STAFF

Elizabeth Brando
Michael Brown
Sharon Tison
Richard Balthazar,
Meeting Recorder

I. CALL TO ORDER

Jason Brady called the meeting to order at 9:30 am.

II. APPROVAL OF FEBRUARY 28, 2013 MINUTES

With a spelling correction, the minutes of the February 28, 2014 meeting were approved by consensus.

III. DISCUSSION OF ENDOWMENTS/INVESTMENTS

There was initially a discussion of data differences between reported investment results and performance statements which were explained as results of day-to-day changes in figures and of draw-downs for operations. Jason then advised that his two goals had been to remove investments with fees on fees and to achieve a balance in risk.

In discussion of allocations, Eric Dobkin noted that almost all were in value and little in growth and that risk in the equity portfolio was below bench mark. There was discussion of risk with managers as a long-term concern but recognition that the structure provided expertise. There was a suggestion to obtain the quarterly reports from Greystone without extra materials. The consensus was that allocations were acceptable though somewhat short on fixed income.

Recognizing that the Committee would discuss reactions to large market moves, Eric suggested having a policy in place for changing allocations with price point changes as delegation to Greystone to execute certain transactions. He proposed for an S&P drop to 1750 to instruct to take 2% of the portfolio out of Pimco and put 1% each into domestic and international NFJ

funds, and at 1600 to take 4% from PIMCO and put 2% each into the NFJs. On the upside of S&P rises, he proposed at 2150 to take 1% each from the NFJs, putting the combined 2% into PIMCO, and at 2300 to take 3% from each NFJ fund and put the total 6% into PIMCO. *On motion by Eric Dobkin, seconded by Steadman Upham, the proposed price points and authorized transactions were unanimously approved.*

IV. DISCUSSION OF BUDGET FORECASTING

Jason Brady stressed the importance of longer term budget forecasting and of understanding that while development efforts ramp up, a projected deficit will still be part of budgets for the next few years. Jason also suggested that the staff prepare budget forecasts for the next several years so the board may better understand the projected deficits. Michael Brown advised that a 3-year budget would be needed by the end of the month for the Anne Ray Charitable Trust.

There was also discussion of possible outside partnerships for Indian Arts Research Center, the activities and potential of the SAR Press.

V. OTHER BUSINESS

Eric remarked on his targets for the Committee for next year noting that work would be 70/30 on budget and operations vs. investments with detail in managerial and financial accounting. He commented that there might be need to seek outside assistance for special projects and that there was need to invest in human capital.

The question was raised of what had happened on the auditors' recommendation about review of reports, and Jason advised that he had worked through the process with Sharon Tison. There was also discussion of indirect cost implications of directed giving.

As incoming Committee Chair, Eric advised that he would announce next year's Committee as Elizabeth Roghair, Vera Campbell, Jenne Britell, Don Lamm, Steadman Upham, Carl Trinca, and a possible outside member. Dorothy Bracey noted that the SAR Chair cannot serve on both Finance and Audit Committees.

Gratitude was expressed to Jason Brady for his service as Committee Chair.

VI. ADJOURNMENT

The meeting adjourned at 11:25 am.